

The Hampton Roads Community Foundation's board of directors is responsible for stewarding the charitable assets entrusted to us. We are committed to investing resources prudently and awarding grants from the funds in accordance with the donors' wishes.

Oversight of our investment portfolio is handled by our investment committee. The committee works closely with our investment consultant to set policy, establish performance benchmarks, select managers and monitor the effectiveness of the portfolio.

The diagram below shows the strategic policy allocation we are working to achieve over time. With this asset allocation, the portfolio has a sufficient growth component. It also has significant protection from equity market downturns and inflation. Because it takes five years to fully implement private equity and real asset portfolios, in 2009 there was a higher temporary allocation to hedge funds.

Investors have been on a roller coaster for the last two years. After suffering through a brutal 2008, investors endured even more losses during the first several weeks of 2009. However, since March 2009, stocks have staged a massive rally. This has been a relief to investors from a financial perspective and a psychological standpoint. The global financial system seems to have been pulled back

from the precipice, and some stability has returned to financial markets.

The portfolio for The Norfolk Foundation suffered minor losses in 2008 (-20%) compared to the market loss of nearly 40% for the same period. This conservative positioning, however, held back return as the markets soared off their lows in early March. Given the lower allocation to equities and delayed returns from the illiquid portfolios, the master pool failed to keep pace. Since inception, however, the portfolio has bested the 60/40 benchmark by nearly 1.4 percentage points per year for nearly nine years.



### FIVE-YEAR POLICY STRATEGIC OBJECTIVES

Growth (45%)	Risk Reduction (40%)	Inflation Protection (15%)
U.S. Equities (15%)	Hedge Funds (30%)	Real Assets (10%)
International Equities (20%)	Fixed Income (10%)	U.S. Inflation Protected Fixed (5%)
Private Equity (10%)		

Investment results for the year ending December 31, 2009 are shown below for The Norfolk Foundation.

### PERFORMANCE AS OF 12-31-09

	Market Value	1 Year	3 Yrs	5 Yrs	Since Inception June 2000
The Norfolk Foundation	\$188,006,026	10.6%	-0.4%	3.8%	2.6%
60% S&P 500/ 40% Barclays Capital		18.4%	-0.7%	2.5%	2.3%

**Note:** The portfolio benchmark's allocation has similar risk and return characteristics to our master pool portfolio. Returns are net of all fees and are for funds invested in the Hampton Roads Community Foundation's master pool. Financial performance is updated monthly on the website.

On January 1, 2010, the Hampton Roads Community Foundation began operating with assets from the former Norfolk Foundation and \$13,452,649 in assets from the former Virginia Beach Foundation. Virginia Beach Foundation finals are posted to [hamptonroadscf.org/about/financial](http://hamptonroadscf.org/about/financial).

### Summarized Financial Statements

YEAR ENDED DECEMBER 31, 2009  
(For The Norfolk Foundation)

#### Assets:

Investments	\$190,131,680
Operating cash and fixed assets	1,834,054
Future interests	26,011,915
<b>Total assets</b>	<b>\$ 217,977,649</b>

#### Liabilities and net assets:

Funds held for others	\$ 3,359,241
Grant and other payables	63,697
<b>Net assets</b>	<b>214,554,711</b>
<b>Total liabilities and net assets</b>	<b>\$ 217,977,649</b>

#### Revenues:

Contributions	\$ \$10,281,609
Changes to future interests	(5,588,928)
Investment income	21,604,597
Grant refunds & other	21,000
<b>Total revenues</b>	<b>26,318,278</b>

#### Grants and expenses:

Grants and other program services	\$ 13,771,687
Supporting services	1,067,239
<b>Total grants and expenses</b>	<b>\$ 14,838,926</b>
Change in net assets	\$11,479,352
Net assets beginning of year	\$ 203,075,359
<b>Net assets end of year</b>	<b>\$ 214,554,711</b>

These summarized statements do not include all disclosures required by generally accepted accounting principles. Complete audited financial statements, which include footnotes, are available upon request and are posted at [www.hamptonroadscf.org](http://www.hamptonroadscf.org).